



CLIENT BULLETIN

REMINDER – FASB’s Limited Disclosure Standard for Employers Participating in Multiemployer DB Plans Is Effective December 15, 2012

In [Client Bulletin 2011-62](#), we reported that the Financial Accounting Standards Board (FASB) officially issued Accounting Standards Update No. 2011-09, *Compensation Retirement Benefits—Multiemployer Plans (Subtopic 715-80): Disclosures about an Employer’s Participation in a Multiemployer Plan*. The Update adds new requirements for the disclosures an employer should provide in its annual financial statements relative to its participation in multiemployer defined benefit pension plans.

A copy of the FASB Update may be obtained by "[clicking here](#)." For more information on the background to this proposal, see [Client Bulletin 2011-48](#). As reported previously in [Client Bulletin 2011-62](#), the Updated Standard does not include any additional requirements to disclose possible withdrawal liability in annual financial statements.

Application Dates

For public entities, the enhanced disclosures will be required for annual financial statements for fiscal years ending after December 15, 2011.

For **nonpublic entities** (which includes most employers participating in multiemployer defined benefit plans), the enhanced disclosures will be required for annual financial statements for fiscal years ending after December 15, 2012.

Overview

The September 21, 2011 *FASB in Focus* newsletter was helpful in summarizing major aspects of the new disclosure and is available by "[clicking here](#)."

Previously, the FASB required accounting disclosures in annual financial statements about an employer’s participation in a multiemployer pension plan that were limited primarily to the historical contributions made to the plans. In developing the new guidance, the FASB’s intended goal was to help users of financial statements assess the potential future cash flow implications relating to an employer’s participation in

multiemployer pension plans. According to FASB, the disclosures will also indicate the financial health of all of the significant plans in which the employer participates and assist a financial statement user to access additional information that is available outside of the financial statements.

Essential Elements of the Disclosures

According to *FASB in Focus*, the following are the essential disclosure elements in annual financial statements by employers participating in a multiemployer defined benefit pension plan. The full list is found at [Standard 715-80-50-3 through -9](#) (page 7 of the *Update*)

- (a) For individually significant multiemployer plans that provide pension benefits:
- Plan legal name, plan Employer Identification Number and, if available, the plan number
 - Most recent certified funded status, expressed as a “zone status,” as required by the Pension Protection Act of 2006. If zone status is not available, an employer should disclose whether the plan was:
 - Less than 65% funded
 - Between 65% and 80% funded
 - At least 80% funded
 - Expiration date(s) of collective bargaining agreement(s) and any minimum funding arrangements
 - Indication of whether the employer’s contributions represent more than 5 percent of total contributions to the plan
 - Indication of what plans, if any, are subject to a funding improvement plan
- (b) Contributions made to each individually significant multiemployer plan that provides pension benefits, total contributions made to all plans that are not individually significant, and the total contributions made to all other plans in the aggregate.
- (c) A description of the nature and effect of any changes affecting comparability from period to period for each period in which a statement of income is presented.

The *Update* also has an **example disclosure** and summary disclosure chart at [Standard 715-80-50-6 & 7](#) (pages 10-13 of *Update*).

Note: Employers must contact each pension plan that they contribute to in order to obtain the necessary information to complete this disclosure.

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